



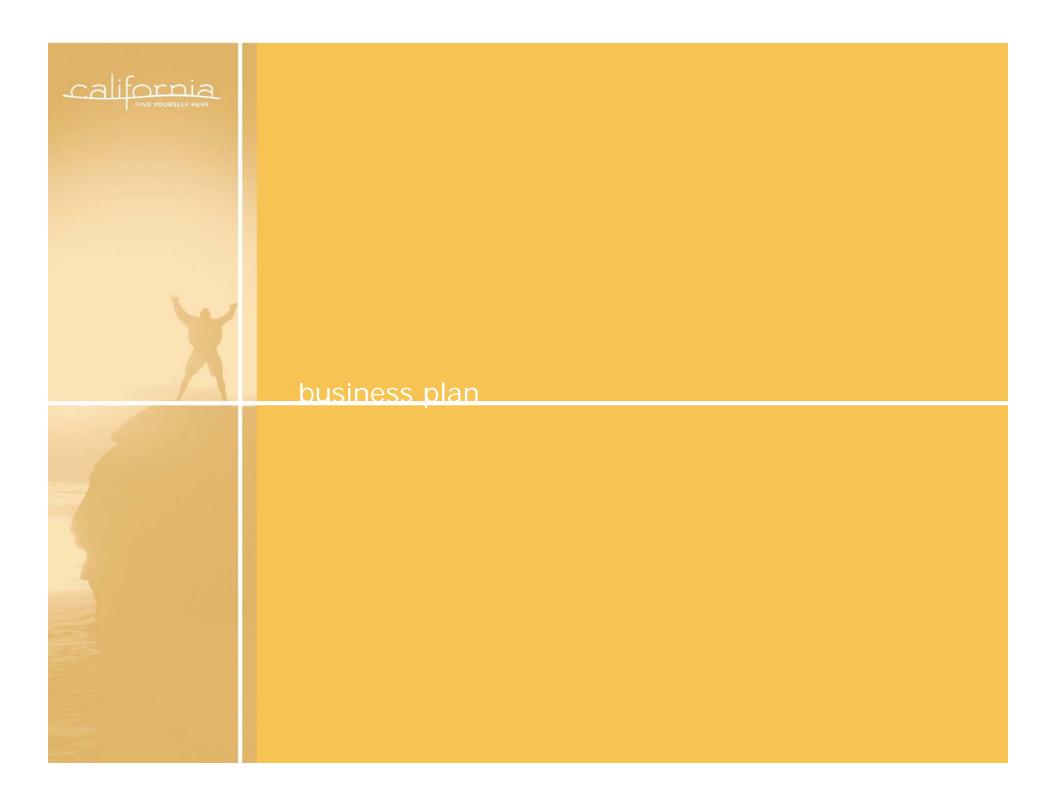
tuesday, february 27, 2007

draft



table of contents

business plan – pg 4
the market – pg 13
benchmarks – pg 26
the tourism visitor – 28
marketing strategies – pg 40
functional plans – pg 42





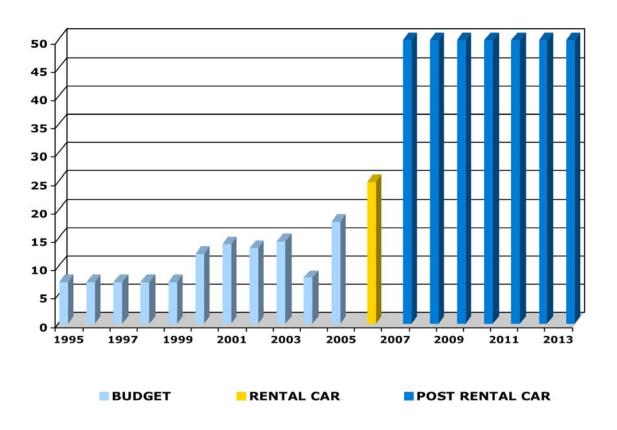
california tourism: background

Accomplished goals as part of published 1999/2000 strategic plan

- Ensure that the tourism marketing act is renewed
- Implement the CTTC marketing plan to market California to visitors
- Maximize the assessment revenues (to support the tourism marketing act)
- Retain the financial partnership between
 CTTC and the State of California



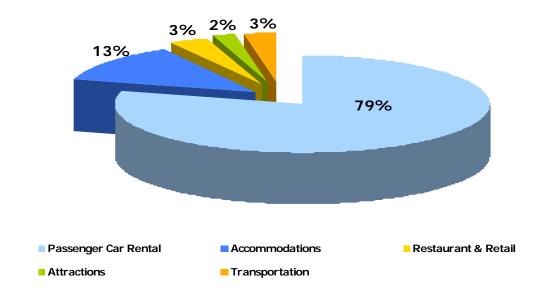
california tourism: budget history





Industry Segment contributions

- Accommodations contribution to assessment prior to 2007 was approximately \$4.6 million or 62%
- Car Rental industry contribution will contribute \$39.8 million in 2007/08 and an anticipated total of \$240 million through 2013





Beginning of 7 years of spending equivalent to \$350 Million

MISSION

The mission of CTTC, in partnership with the State and travel industry, is to promote California as one of the world's premier travel destinations, in order to increase revenue and tourism employment within California

VISION

The CTTC will be the recognized source, in partnership with the State and travel industry, for statewide marketing planning and implementation, and information and support to California's vast travel and tourism industry, thereby maintaining California's position as one of the world's pre-eminent travel and tourism destination



GOAL

Act as a catalyst to increase travel spending and tourism employment

- Spending historical 2.8% since 1998 and 4.1% since 1992
- Travel-related employment .35% from 1998-2005 (9/11 slow down) and 1.3% 1992-2005

MARKET IMPACT OF TOURISM

	2005	2006	change	
Direct Expenditures	88.1 billion	93.8 billion	+6.0%	
Employment	912,000	929,000	+2.0%	
State tax revenues Local tax revenues	\$3.4 billion \$1.9 billion	\$3.5 billion \$2.1 billion	+4.5% +8.6%	

Sourrce: Dean Runyan Associates, 2007



- Do what the industry can't do for itself
- Leverage cooperative programs and focus on international and new market development
- Evaluate programs ROI and measures on major programs
- Focus on out of state and international audience
- Support assessed businesses
- Establish a technology link for all programs to develop the platform
- Align with key California CVBs to coordinate resource base on high impact programs/initiatives

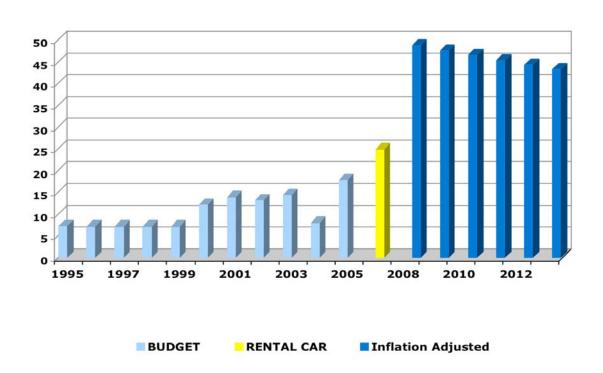


MOVING FORWARD

- State contribution will continue but as a smaller percentage of overall budget
- Stability of funding for 6 year timeframe enables unprecedented level of planning
- While \$50 million is quantum leap it will represent an effective decline over time



BUDGET with Inflation Effect 2008-2013







the market: dynamics

Total tourism - 798 million arrivals worldwide (+4.1% over 2005)

- UNWTO long term forecast for growth rate 4.1%/year through 2020 (historical growth 4.4% in the '90s slowing to 2.9% from '01-05)
- Asia is the market expected to show the greatest gains in outbound travel through 2010; grew at average annual rate of 8.2% from '02-06.

Arrivals to US

- Total inbound arrivals projected to show a 4.3% growth
- 2005 arrivals were 7% above 2004 growth has slowed

Per Trip expenditures (per person)

- Leisure, CA residents: \$140.73 (1.71 nights)
- Leisure, Non-resident: \$365.29 (4.38 nights)
- Leisure, Overseas: \$934.50 (10.5 nights)
- Leisure, Mexico (Air): \$973.40 (6.2 nights)
- Canada Overnight: \$696.83 (8.57 nights)



the market: environmental influences

US IMAGE AND PERCEPTION

Overseas arrivals to the US grew in 2004 and 2005, but, despite favorable exchange rates, slowed in 2006 - remaining more than 16% below 2000 peak; Western Europe especially weak

REASONS

- U.S. image slipping
- Global competition Europeans traveling more within Europe; Asia and Latin America becoming more popular; Dubai skyrocketing to prominence
- Rules and procedures for US entry perceived as more difficult than other destinations



the market: population shifts



CALIFORNIA'S AGE WAVE

Boomers ready to retire and recreate

- 45-64 segment grows from 20-25% of population by 2010
- Leads to interests in being pampered spa tourism; health-related trips
- Older travelers interested in culture, arts, history learning vacations

Gen X coming of age but strapped for cash and time – burdened with debt: mortgages, kids

Growing segments: couples 35-54 traveling without kids; affluent seniors



the market: new segments

HISPANIC MARKET

The U.S. is now the 2nd largest Spanish-speaking country in the world

- Hispanics are no longer just the fastest growing minority — they are the fastest growing sector in the entire U.S. population
- Travel is the largest category of online spending among the U.S. Hispanic population
- Hispanic online households are projected to grow from approximately 5.5 million in 2003 to 8 million — or 68 percent — this year
- There are as many as 800-900 travel agencies in the U.S. serving Hispanic travelers in the top five Hispanic travel markets — California, Florida, Illinois, New York and Texas



the market: technology

INTERNET EFFECT

- Nearly 30 percent of all hospitality revenues in the U.S. are now generated from the Internet
- Another quarter will be directly influenced by online research, but booked offline
- By 2010, the Internet is expected to contribute over 45 percent of all travel-related bookings in North America

Source: HotelInteractive.com, 10/3/2006



the market: technology

KEY TRENDS

Web 2.0 is a phrase coined by O'Reilly Media that refers to a second-generation of Internet-based services...[that allow] consumers to define their own online experience through various technologies, from social networking to blogging and wikies

The winners will be the companies that can create a customized, seamless experience in a more leverageable way – meaning the most content, to the most people, in the most places

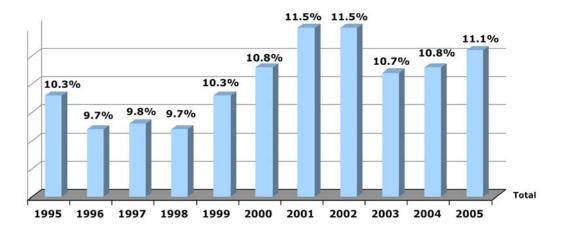
Suzanne Cook, PhD., Senior VP Research, Travel Industry Association, at TravelCom 2006



the market: technology

CALIFORNIA DOMESTIC MARKET SHARE

(% U.S. person-stays)



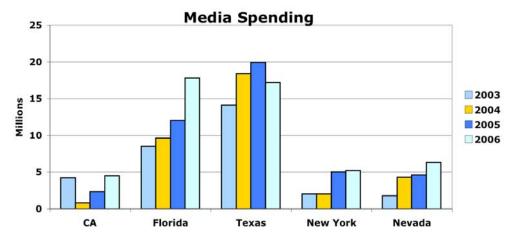
Source: D. K. Shifflet & Associates Ltd.
DIRECTIONS®DESTINATION PERFORMANCE/MonitorSM



the market: competition

Florida, Texas, New York and Nevada represent primary domestic competition based on market share and media spending; Hawaii is in competitive set, but doesn't have the volume of other competition







the market: competition

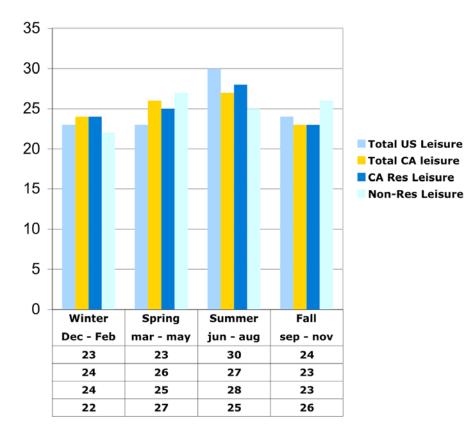
Competitive set determined by more than other state spending

- New spending levels broaden competitive set -Aspiration dimension/Market-based competition
 - Florida/Orlando
 - Nevada/Las Vegas
 - Europe
 - Australia/New Zealand
 - Asia



when do they travel?

California is a year-round destination — stronger spring and winter visitation than the total U.S. visitation % of Travel Volume by Quarter



Source: D. K. Shifflet & Associates Ltd. DIRECTIONS®DESTINATION PERFORMANCE/MonitorSM



how do domestic california visitors travel? (2005 domestic person-stays)



"Main Mode To and Within CA"

	In-State	Out-of-State
Drive	90%	60%
Fly	3%	36%
Bus/Train	5%	2%

Source: D. K. Shifflet & Associates Ltd. *DIRECTIONS® DESTINATION PERFORMANCE/Monitor*SM



how do california international visitors travel within the u.s.? (2005 domestic person-stays)

"All Modes Within CA"

	Overseas	Canada	Mexico (air)	
Drive	35% rental car 34% private auto	18%	41% rental car 27% private auto	
Air	41%	77%	32%	
Bus/Train/Other	12%	5%	7%	

Source: CIC Research, Inc., 2006; Stats Canada, 2006



benchmarks





california tourism benchmarks: 2011

	Domestic 2005	Domestic 2011	International 2005	International 2011
Revenue (Spending in CA)	\$70 B	\$88.6 B	\$12 B	\$15.2 B
Volume	335.4 M	419 M	4.8 M (overseas)	5.9 M (overseas)
Market Share	11.08%	11.6%	22.1% (overseas)	22.1% (overseas)
Leisure Volume	244.3 M	310 M	2.9 M (overseas)	3.8 M (overseas)
Leisure Market Share	10.85%	11.5%	19.4% (overseas)	22.0% (overseas)

^{*} note: overseas figures exclude Canada and Mexico

Sources: Dean Runyan Associates, 2006; CIC Research Inc.,; D. K. Shifflet & Associates Ltd. DIRECTIONS® DESTINATION PERFORMANCE/MonitorSM, 2006; California Tourism, 2007



the tourism visitor



key markets: domestic

key markets: international





california tourism: key audiences

Travel Trade

Wholesale/Operators

Core message vehicles: sales office, travel trade shows, promotion

Media

Consumer/Trade/Lifestyle/Business

Core message vehicles: public relations, outreach and events

Consumer

Core message vehicle: advertising/online



the visitor – market definitions

DOMESTIC MARKETS

In-State

Represents highest volume of travelers

Primary Domestic

Highest volume out-of-state markets

National Opportunity

 Highest opportunity markets out-of-state with large population centers and concentration of affluent travelers

INTERNATIONAL MARKETS

Primary International

- Highest volume of overseas and international markets

Secondary International

 Highest opportunity markets out of the U.S. with large population centers and concentration of affluent travelers

Emerging International

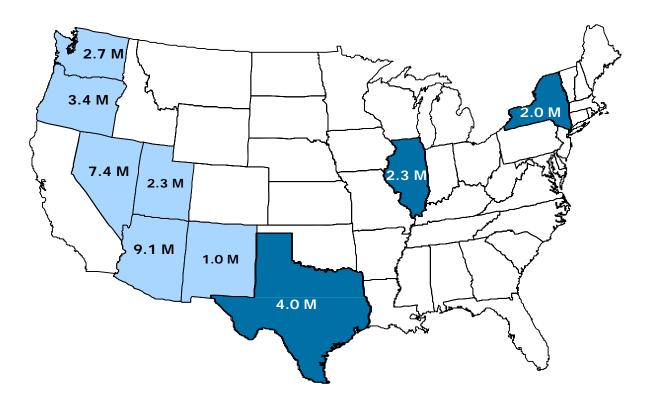
 Highest projected growth rates for future tourism spend over 15+ years



the visitor: primary domestic market summary

Arizona, Nevada, Oregon and Washington alone contributed 22.6 million visitors or 41% of total CA visitors in 2005 These markets are important to maintain but growth is limited due to high existing penetration

The opportunity exists in national markets which contribute higher per person spending - \$658 per person/trip



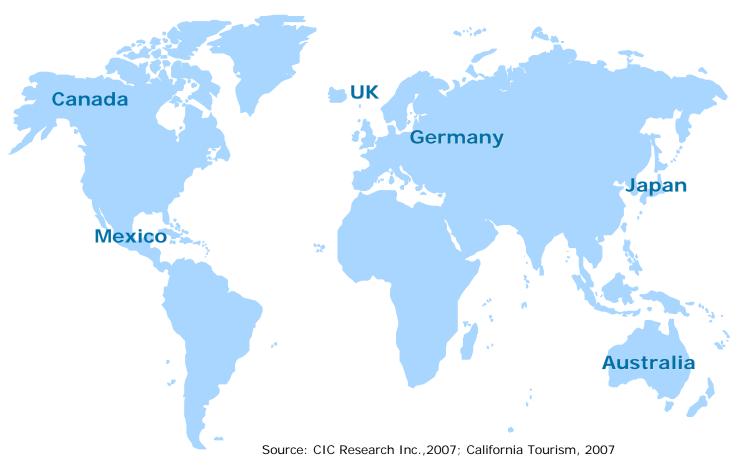
Source: D. K. Shifflet & Associates Ltd. DIRECTIONS®DESTINATION PERFORMANCE/MonitorSM



international markets

44% of all California International visitors come from four overseas markets

81% of all International visits originate from primary markets

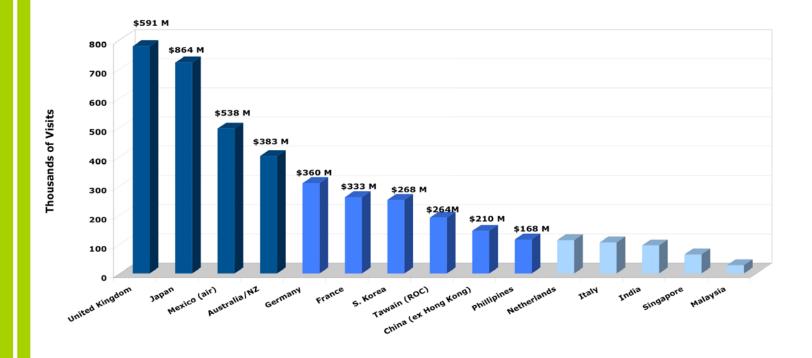


California Travel & Tourism Commission - DRAFT



international visitation to california

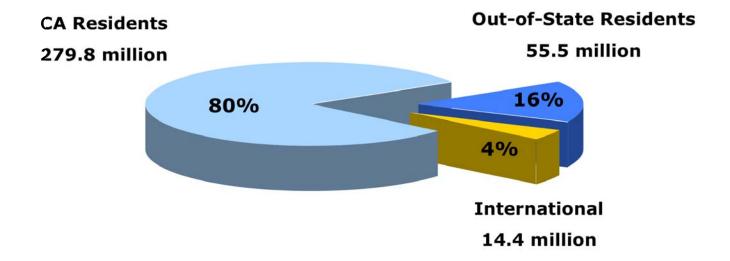
Top 10 International Countries by Visitation, with California Spending



Source: CIC Research Inc., 2007; California Tourism, 2007



california tourism 2005 (millions of person-stays)

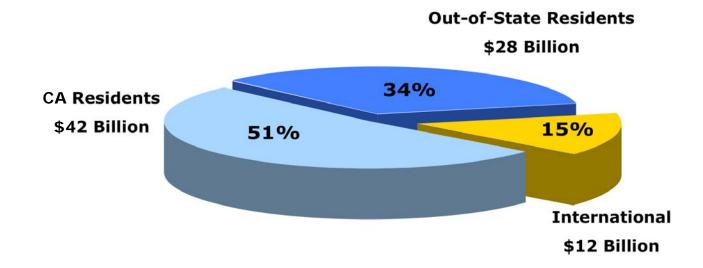


Source: D. K. Shifflet & Associates Ltd. DIRECTIONS®DESTINATION PERFORMANCE/MonitorSM CIC Research; California Tourism Research



california tourism 2005 (destination spending by visitors)

48.7% of travel spending in CA generated by Out-of-State and International visitors



Source: D. K. Shifflet & Associates Ltd. DIRECTIONS®DESTINATION PERFORMANCE/MonitorSM CIC Research; California Tourism Research

Note: Based on \$82 Billion Destination Spending in California; excludes \$6.1 Billion outbound spending



the visitor – domestic primary market summary

	Instate	Primary (WA, OR, NV, AZ, NM, UT, CO)	National (TX, NY, IL)
Volume (air only)	6,992,000	5,021,000	4,698,000
Market Share (air only)	21.9%	23.8%	13.0%
Per Person Trip Spending (all leisure)	\$435	\$529	\$658
Length of Stay (nts/all leisure)	4.0	4.6	4.8
Mkt Share Chg. 2000 vs 2005 (pts)	<4.4>	<2.2>	0.8
Competition		NV–1.7 M TX–697 K AZ–592 K	FL – 7.9 M TX – 2.2 M NV – 2.4 M

Source: CIC Research Inc., 2007; U.S. DOT, 2006; SMARI, 2007.



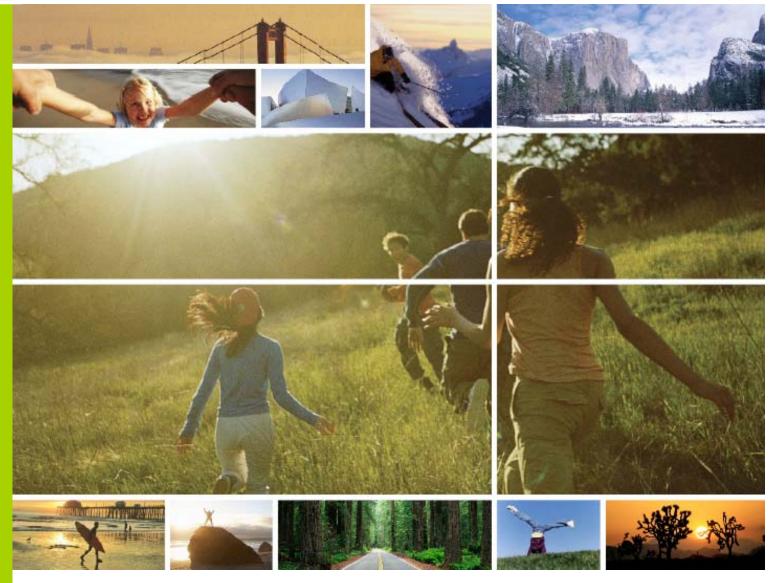
the visitor – international primary market summary

	Mexico (air)	Canada	United Kingdom	Japan	Australia New Zealand	Germany
Market Share	29.7%	6.8 %	17.9%	18.6%	53.8%	21.8%
Volume	Air -496 K Land: 8.1 M	1,060,000	778,000	722,000	313,000	309,000
Per Person Trip Spending	\$973.40	\$696.83	\$759.20	\$1196.80	\$952.30	\$1166.40
Length of Stay (nts/visit)	6.2	8.6	7.3	6.8	8.9	14.4
Mkt Share Chg, pts (2000/ 2005)	+3.7	<0.3>	+1.6	<3.2>	<7.9>	<0.3
Competition*	TX-330 K FL –292 K	NY – 2.3 M FL – 1.9 M MI – 1.1 M	FL- 1.5 M NV – 448 K	HI – 1.5 M Guam –840K	NY-244K* NV – 117K	NY-420K FL – 282 K NV –110 K

Source: CIC Research Inc., 2006; Stats Canada, 2006; California Tourism, 2007



the california experience – find yourself here



California Travel & Tourism Commission - DRAFT



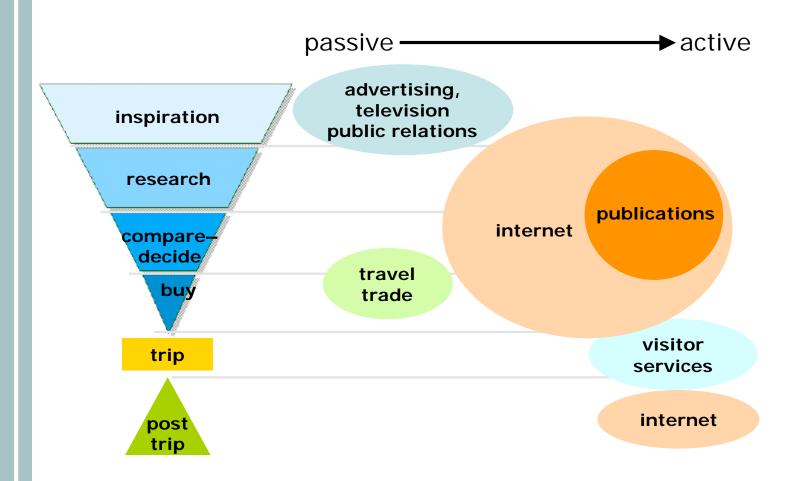


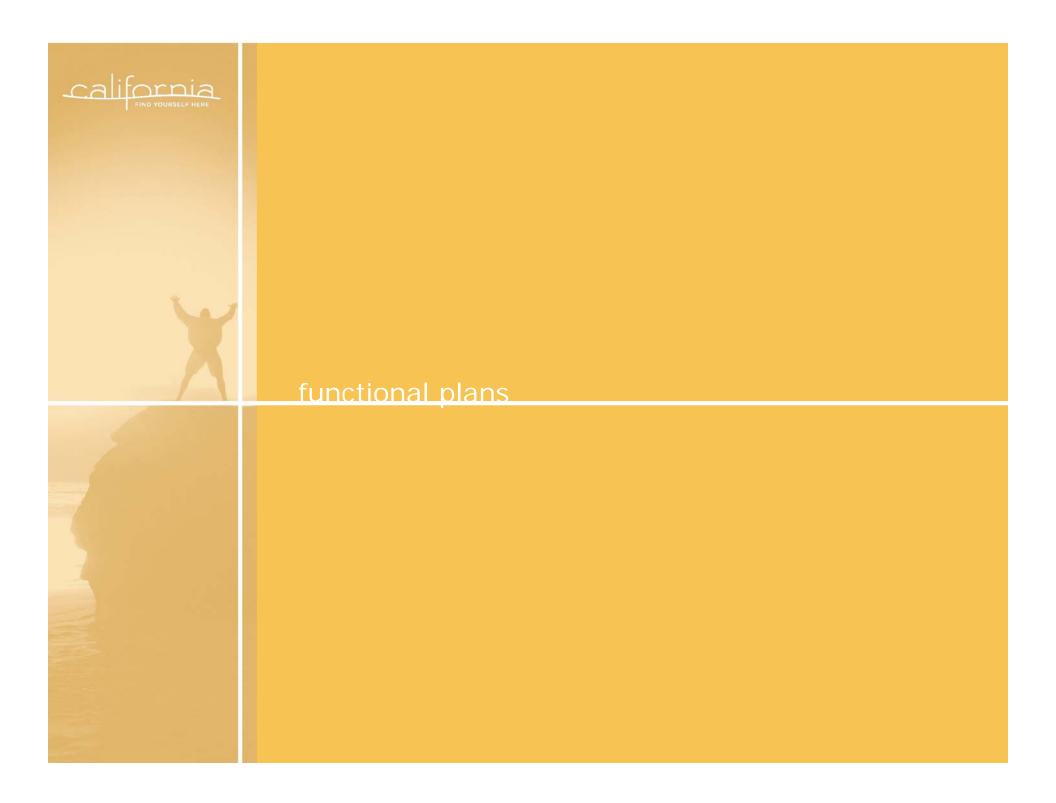
california tourism marketing strategies

- 1 Protect and maintain volume in domestic primary market
- 2 Reach visitors within key national markets through awareness and brand programs
- 3 Expand marketing and seasonal coverage to drive year round visitation
- 4 Deepen efforts in primary international markets through multi-tiered audience approach
- 5 Create technology platform to tap into existing California brand character and provide additional avenues for consumer reach



travel planning behavior







california tourism functional plans

- Advertising
- Technology
- Publications
- Partner Marketing
- Communications
- Travel Trade
- International
- Special Events
- Visitor Services/California Welcome Centers



advertising

OBJECTIVES

- Increase ad awareness across the U.S. to facilitate top of mind awareness – seed the consideration process that leads to visitation
- Inspire acceptance/desire for California's unique emotional benefits – facilitates preference
- Encourage consumers to take action primarily driving to the website



advertising

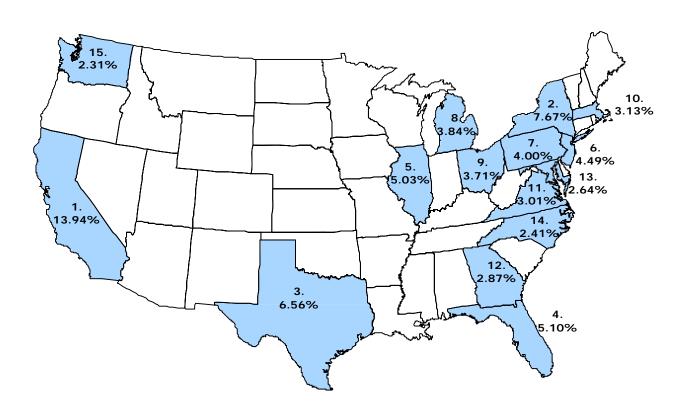
FEEDBACK/EVALUATION/MEASURES OF SUCCESS

- Advertising Effectiveness Studies (SMARI) two-phased approach: Attitude & Awareness, Conversion/ROI
 - Top-of-mind awareness of destination
 - Advertising Recall
 - Preferred destination
 - Influenced and Incremental visitation
- DK Shifflet Travel Volume Report
 - Volume & Share indicators
- Web traffic
 - Total traffic
 - Online visitors guide sessions
 - Database growth



target audience

Affluent Leisure Travelers (Out-of-State and In-State) defined as HHI \$75K+





target audience - secondary

DEVELOP SUBSETS/SEGMENT AFFLUENT TRAVELERS

- Niche/Interest groups List determined by volume/revenue potential/brand alignment and assessed business
- Spanish-speaking audience representing significant growth



MESSAGING

- Continue to brand the California experience to differentiate from competitive options and create desire
 - While California's share and volume is on the rise, competitive spending and pressure is also on the rise, so it's critical to maintain focus on our unique point of difference: the California lifestyle
- Leverage the California lifestyle platform and drill down to support niche segments with targeted messaging in targeted environments



TIMING

A year-round approach that aligns with California's year-round travel patterns; new budget levels increase national buy from 3 to 6 months

- Will increase mass media coverage to support both key and shoulder seasons
- Will continue to utilize the Internet for year-round coverage
 - 2006 Ad Effectiveness Study indicates that the Fall, Winter and Spring seasons outperform summer among travel from the opportunity markets
- Early in the season (begin advertising in Jan/Feb for summer travel), especially for Canada





MEDIA MIX TV

Continue to anchor the program with Television, proven track record of consumer response

- SMARI, 2006 reports enhanced program ROI of \$29:1
- Extend National Cable/Network TV to cover Spring/Summer and Fall/Winter
- Place emphasis in markets that drive incremental trips from opportunity markets



MEDIA MIX - INTERNET

Continue with increased commitment to internet-based opportunities, using a combination of search engine optimization, video/interactive banners, promotional messaging (packages and sweepstakes) and key word campaigns to increase visibility and drive traffic to the website

- Select sites that align with goal of supporting the Inspire/Passive research phase and the Active Research phase (Active Booking phase is counter-productive since decision has been made)
- Implement segmentation strategy identifying sites/environments that help us to reach our niche subsets with targeted messaging



MEDIA MIX - MAGAZINES

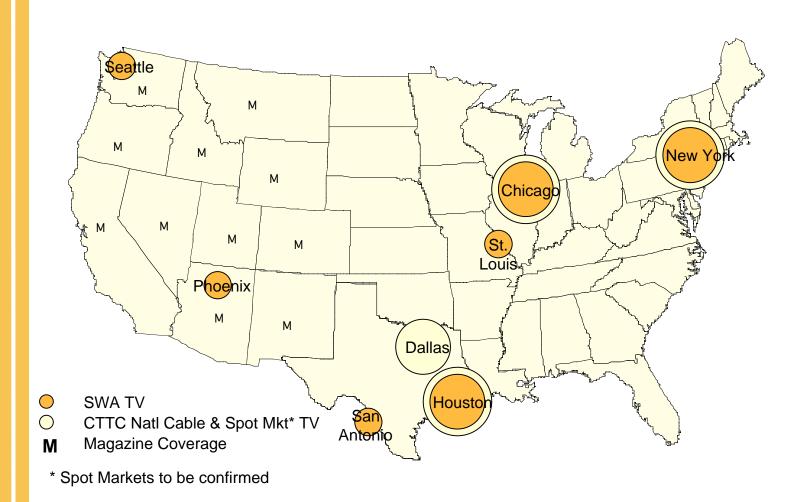
Use print/magazines in a unique, selective manner to reach the hard-to-reach affluent travelers with a WOW factor

All print applications will have a web extension of the idea

- Non-traditional magazine inserts in Vanity Fair, InStyle, and other highly targeted lifestyle pubs
- Re-tool Fall/Winter magazine co-op to reflect editorial environment targeted to affluent travelers

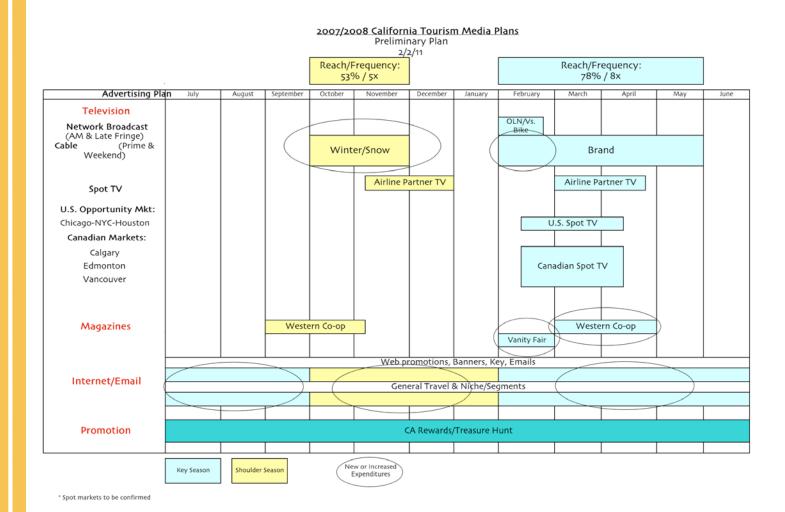


2007-2008 market coverage





2007/2008 domestic advertising flow chart





creative strategies

MESSAGE PLATFORM

Continue to foster an emotional connection - leveraging what is truly unique and makes people want to visit: our unique lifestyle

 Qualitative research has shown that diversity doesn't fully brand the California experience, since diversity can be simplified to the rational/functional benefit of 'lots to see and do'



creative strategies

CAMPAIGN DEVELOPMENT

Continue to refresh/evolve based upon research/strategic refinements

Develop tools to support year-round campaign

- TV: 2 spots: Spring/Summer, Fall/Winter
- Web: niche executions with appropriate seasonality
- Shift Fall magazine co-op to a high-end editorial theme, Spring/Summer is general travel



technology: objectives and measures

OBJECTIVES

- To support the California visitor through development of technology tools
- Provide industry partners with data, reporting and measures that support their planning and business objectives
- Align brand partners to leverage California's tech savvy identity

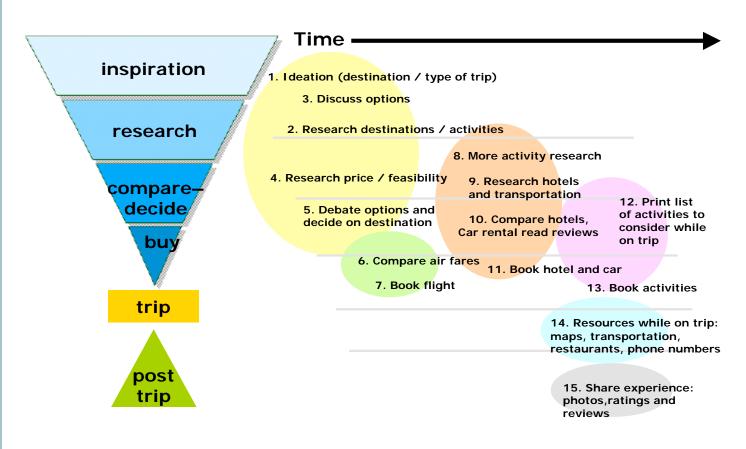
SUCCESS MEASURES

- Web visits
- Time on site
- Data capture/leads
- Industry partner satisfaction





travel planning behavior





technology: programs



PROGRAM INITIATIVES

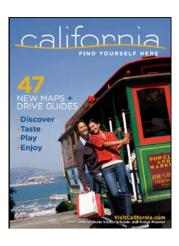
- Create partnerships with key brands to extend California's lifestyle image
- Develop infrastructure and resources to support leadership position in travel technology
- Launch localized website content in key International markets to reach visitors researching and planning their California vacation
- Create critical consumer features such as mapping, trip planning and reviews to further consumer satisfaction with website
- Develop B2B portal that support industry partners with research and other requested tools (e.g. Database development)

NEW IDEAS

 Device feeds (subscription to weather feeds, surf and snow reports) or other "gee whiz" features to support California's technology leadership



publications



OBJECTIVES

- Continue to produce publications that support California's brand and provide useful travel information
- Create local language versions of travel guide and distribute in key international markets

SUCCESS MEASURES

- Distribution volume
- Revenue

PROGRAM INITIATIVES

- Work with known brands to create content and sell advertising for Visitor's Guide and Official State Map
- Continued strong tie to the website

NEW IDEAS

 Segmented approach to publications to create more personal and meaningful vacation ideas (e.g. adventure/outdoor, foodie, luxury, eco, etc.)



cooperative marketing



OBJECTIVES

- Create marketing programs to serve industry partners
- Develop marketing partnerships and alliances that support the California brand message and extend audience reach

SUCCESS MEASURES

- Program participation and satisfaction
- Value delivered vs. partner investment
- Travel spend and visitation

COOP PROGRAM CRITERIA

- International basis
- Support assessed businesses
- Leverage in-state options where possible
- Increase funds for programs not the number of programs



cooperative marketing

PROGRAM INITIATIVES

- Conduct marketing that individual businesses can't effectively do on their own and aggregate funds into broader promotion
- Create packaging/offerings that can be used in multiple mediums (web, print, wireless device, etc)
- Create cooperative programs for key industry segments (golf, shopping, attractions, outdoor recreation, spa/resort, etc)
- Develop deep partnership with key consumer brand that has potential to reach global audience (e.g. Apple, Levi's, etc.)



communications

OBJECTIVES

- Reach targeted media in key domestic markets and international markets
- Support the California brand or message
- Inform and encourage participation and image of CTTC programs, opportunities and successes
- Create lasting impressions through world-class events

MEASURES

- Increase in ROI/media equivalency
- Increase media equivalency in key International markets (Germany, UK, Japan, Australia/New Zealand and Mexico)
- Increase utilization and visits to website press room
- Increase press contact list through online data collection



communications

PROGRAM INITIATIVES

- Build personal relationship with key media through specialized events and personal FAMs
- Develop and coordinate PR/advertising/web programs that leverage a central theme in key opportunity and feeder markets
- Develop and pursue broadcast programming opportunities (especially in International markets)
- Continue to reach key industry groups through speaking opportunities
- Address niche markets through press contacts and outreach
- Involve California brand dimensions in key events (e.g. chefs, entrepreneurs, athletes and celebrity and entertainment)
- Leverage media buys to include promotional/on-air mentions

NEW IDEAS

- Leader in nation for HD statewide video library
- Tap Hispanic media
 - Translate releases and conduct media sales calls within key domestic markets (Miami, Chicago, New York, Texas and California)



travel trade

OBJECTIVES

- Create marketing programs to influence tour operators in International markets
- Work with travel trade to penetrate new markets and extend sales reach to consumer
- Offer programs for other state travel industry partners

SUCCESS MEASURES

- Participation
- Tour operator product offerings
- Packages sold

PROGRAM INITIATIVES

- Travel Trade Rep offices in primary markets
- Marketing agents that offer support in secondary markets
- Lead dissemination
- Provide platform for travel industry
- Governor's trade mission support

NEW IDEAS

- Focus specific program in emerging market
- Quarterly newsletter for trade to create deeper outreach, translation – include sample itineraries and links to rural destinations



international - strategic overview

- Bulk of incremental spend for 2007 and beyond will be new market development and building on existing international markets
- Strategy to focus on key volume regions
 - Europe, Asia/Pacific, Canada
 - UK, Germany, Japan, Australia/New Zealand, Mexico drive regions
 - Consumer level focus in key countries advertising in 1-2 markets
 - Lead with partner marketing efforts in most primary and all secondary markets for consumer reach
- Engage in leadership activities for emerging markets
- Year 1 spent on building infrastructure to support
 International Programs



visitor services – california welcome center



OBJECTIVES

- To provide an educational tool to enhance the visitor experience
- To encourage extended length of stay in California
- To ensure that each of the state's regions has a CWC within a good location to serve visitors

SUCCESS MEASURES

- Length of stay
- Visitor satisfaction
- Service consistency

PROGRAM INITIATIVES

- Sell California branded merchandise
- Inform visitors of in-state travel resources
- Integrate exposure into existing programs where appropriate (e.g. website listings)

NEW IDEAS

- Require all CWC's to become part of ARES system
- Summer survey/study of CWC effectiveness in enhancing visitor experience/extending stay
- Feedback reporting and trends on regional product offerings through anecdotal survey



special events



OBJECTIVES

 Work with a few, high impact special events that reach a mass market

SUCCESS MEASURES

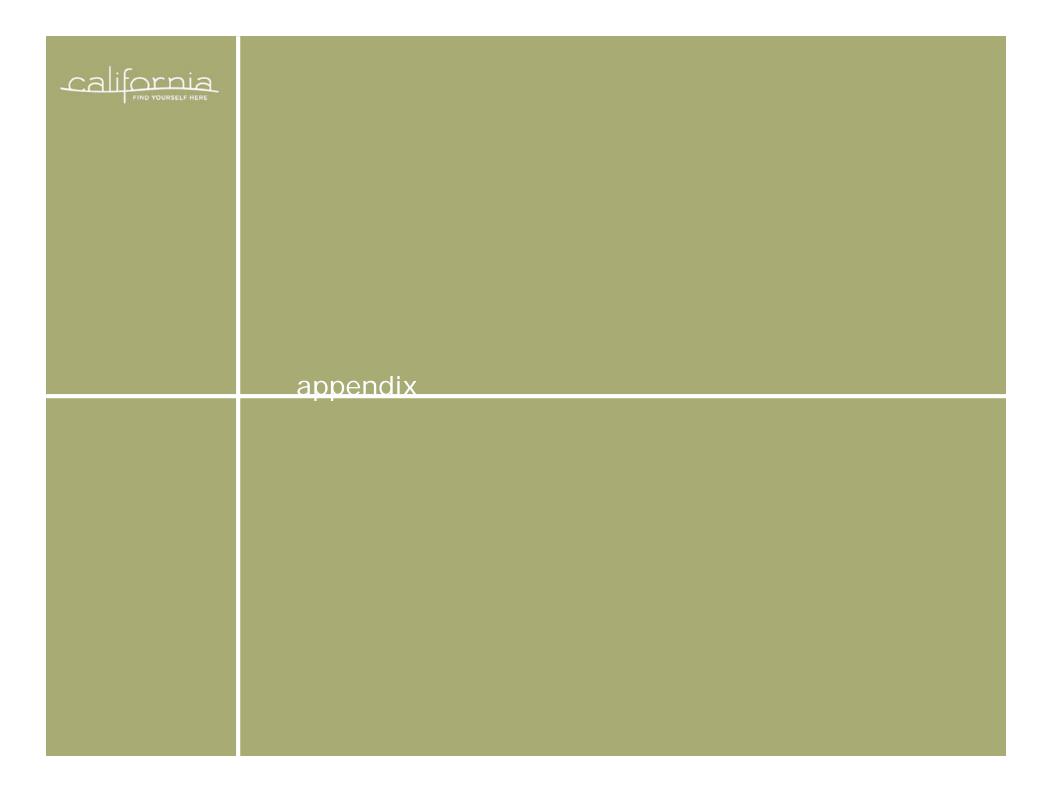
- Media equivalency
- Market reach (impressions/International)

PROGRAM INITIATIVES

- Tour of California
- NASCAR

NEW IDEAS

Packaging/cool deals





the market - environmental influences

Rising travel prices - The August 2006 Travel price index 6.2% higher than August 2005

- Gas prices +19.6%
- Lodging +4.8%
- Air fares 5.8%

Time poverty - Only 47% of employed Americans use all of their vacation time/24% don't use their vacation time for travel

- Families taking fewer family members on trips, and taking shorter trips. (Shifflet presentation at TIA, Oct 2006)
- Time poverty leads to desire for all-inclusive, bundled components to simplify transactions and planning.
- Also leads to trend to save up time to spend later, 'sabbatical holidays'. (European Commission)



the market – environmental influences

Airline capacity

"Airplane passenger loads are extremely high in the U.S., at about 86%. (Airlines have learned to modify their routes in order to make them more efficient. At the same time, they have taken many aircraft out of service—boosting loads on the airplanes that remain in the air.)" – Plunkett Research Ltd., Dec. 2006.

".....continuing strong demand from travelers and limited growth of flying capacity." (USA Today, 12/18/06

"....shrinking capacity.", David Lee, Air Transport Association.



the market – new segments

Adventure Travel

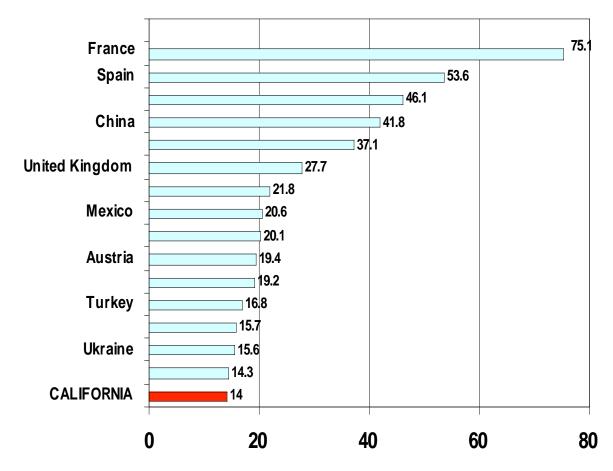
- Active and adventure travel one of the fastest growing segments of the global tourism industry.
- In the US alone, \$115 billion dollars is spent annually on adventure travel.
- In 2005, 55 million American's took an active or adventure vacation - up 14 percent from the previous year.



international – global arrivals

California: 14th Place in Global Arrivals

(Millions of international arrivals, 2004)



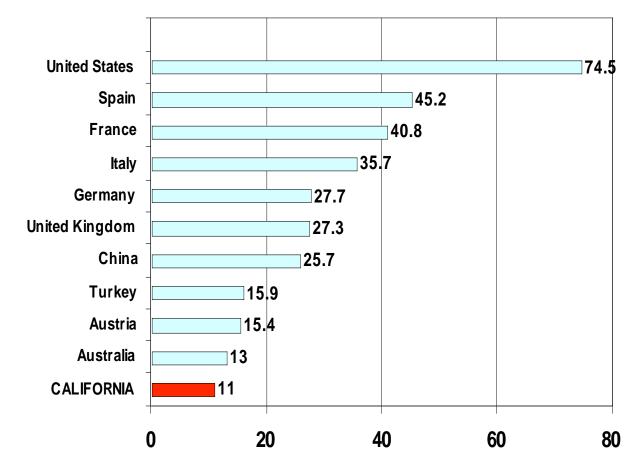
Source: UN World Tourism Org, Wikipedia, California Tourism Research -2005 CA stats adjusted



international – global destination spending

California: 11th Place Among Global Destinations in Int'l Visitor Spending

(\$ Billions, US, from international arrivals, 2004)



Source: UN World Tourism Org, Wikipedia, California Tourism Research -2005 CA stats adjusted



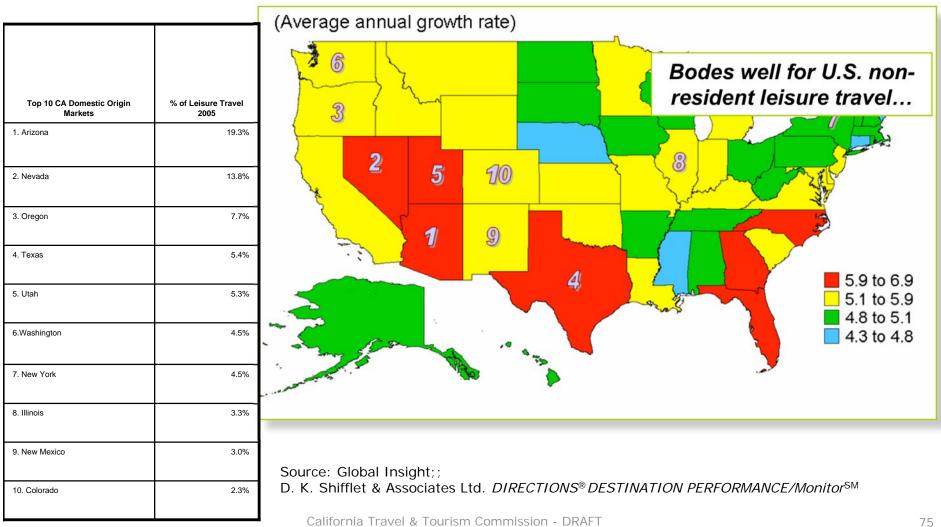
the market – key trends

Technology

- Converging functions, expanding choices: cell/camera/email/PDA/video/TV/play/record/storage devices with optional speakers, expandable keyboards, customized ringtones and colorcoordinated for every taste and occasion.
- MySpace and YouTube have ushered in a new era of "social media"
- Proliferation of mobile media devices fueling demand for digital content: 20 percent of U.S. adults and 26 percent of U.S. Internet users own an iPod or MP3 player.
- Explosion of sites and services that allow sharing of trip planning, itineraries, and travel videos.
- Spending on "New media" growing at seven times the rate of ad media spending overall.
- 64 percent annual growth in spending on Internet video advertising.

California Primary and National Targets are high growth states for personal Income

Growth in Personal Income





country plan – Canada

1 million+ visitors: #2 among CA international markets

Important source of winter (snowbird) visitors to So.Cal.

54% from BC and Alberta

2007 Spot TV support includes:

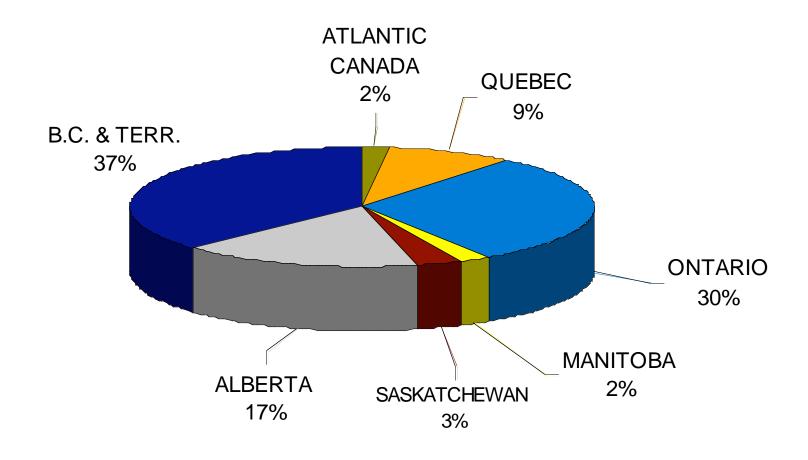
Calgary

Edmonton

Vancouver

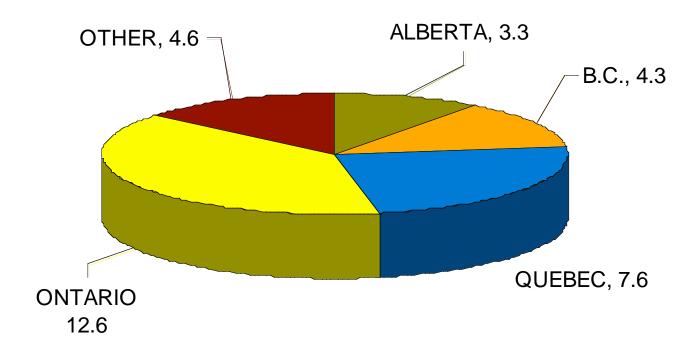
Over Two-Thirds Of Visitors From B.C. & Ontario

Canadian travel to California, 2005



Ontario Is By Far the Largest Canadian Market ...

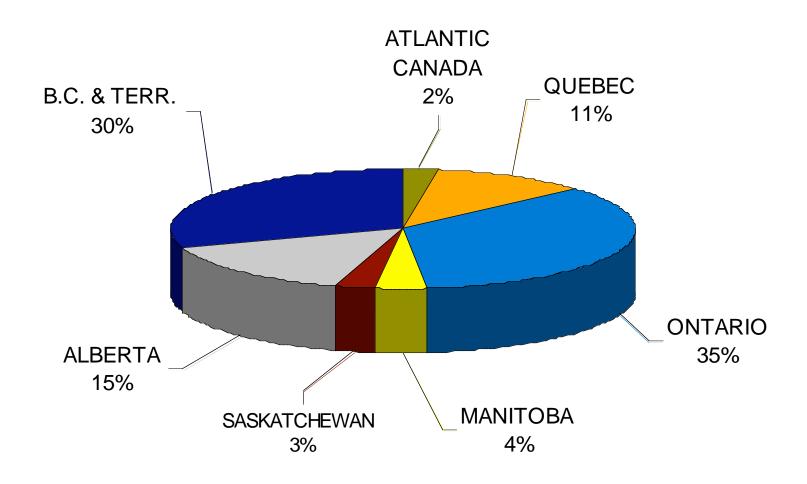
Population, 2005, millions



Source: Statistics Canada, CANSIM II

... and Is California's Largest Revenue Source

Canadian spending in California, US\$ ths, 2005





country plan - United Kingdom

778,000 visitors in 2005; #3 ranking market \$591 million, #4 in spending

CA market share US rebounded from 16.1% to 17.9%.

Main travel purposes: vacation, visiting friends and relatives, shopping, dining, and sightseeing. 24% of visitors book their flights online



country plan - Germany

309,000 visitors to CA; #6 ranking market to CA \$360 million in spending 22% US market share Among longest length of stay - average 14.4 nights in CA



country plan - Japan

722,000 visitors in 2005; #3 ranking

Market share has dropped sharply from 23% in late 90s to 16.8% in 2004, rebound to 18.6% in 2005

\$864 million spending, #3 ranking

41% business, 48% vacation



country plan - Australia/New Zealand

313,000 visitors, #5 ranking 54% US market share Among few international markets showing steady growth



country plan - Mexico

California's #1 international market, with 8.6 million visitors: 4.8 million day visitors, 3.3 million traveling beyond beyond border areas by land, and 496,000 air visitors.

29.7% US market share\$538 million spending (air visitors only)Strong cross-border cultural and family tiesHigh frequency and familiarity



country plan - secondary and emerging markets

Asia Pacific - China, Korea, India Collectively 496,000 visitors China and India among fastest growing markets, huge potential for CA in next 10 years

Europe - France, Italy, Scandinavia
Collectively 473,000 visitors, which would place
#4

Latin America - Brazil, Argentina, Colombia 160,000 visitors from Latin America 8.8% US market share